

April 11, 2014

Via ECFS

Ms. Marlene H. Dortch Secretary Federal Communications Commission 445 12th Street, SW Washington, DC 20554

RE: EX PARTE PRESENTATION

GN Docket No. 12-268: Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions

GN Docket No. 13-185: Amendment of the Commission's Rules with Regard to Commercial Operations in the 1695-1710 MHz, 1755-1780 MHz, and 2155-2180 MHz Bands

Dear Ms. Dortch,

The Rural Wireless Association, Inc. ("RWA")¹ hereby submits this *ex parte* letter in response to a March 20, 2014 presentation filed in the above-listed dockets by Verizon.² In its *ex parte*, Verizon criticizes a joint Partial Economic Area ("PEA") geographic licensing proposal ("Joint PEA Proposal") ³ for the 600 MHz auction put forth by RWA, NTCA – The Broadband

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¹ The Rural Wireless Association, Inc. is a 501(c)(6) trade association dedicated to promoting wireless opportunities for rural telecommunications companies who serve rural consumers and those consumers traveling to rural America. RWA's members are small businesses serving or seeking to serve secondary, tertiary, and rural markets. RWA's members are comprised of both independent wireless carriers and wireless carriers that are affiliated with rural telephone companies. Each of RWA's member companies serves fewer than 100,000 subscribers.

² See Ex Parte Letter from Tamara Preiss, Vice President – Federal Regulatory Affairs, Verizon, to Marlene Dortch, Secretary, FCC, GN Docket Nos. 12-268, 13-185 (Mar. 20, 2014) (*Verizon Ex Parte*); see also Ex Parte Letter from Tamara Preiss, Vice President – Federal Regulatory Affairs, Verizon, to Marlene Dortch, Secretary, FCC, GN Docket Nos. 12-268, 13-185 (Mar. 25, 2014).

³ See Ex Parte Letter from C. Sean Spivey, Assistant General Counsel, Competitive Carriers Association; Jill Canfield, Director, Legal and Industry & Assistant General Counsel, NTCA – The Rural Broadband Association; Caressa D. Bennet, General Counsel, Rural Wireless Association, Inc.; and John A. Prendergast, Managing Partner, Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP to Marlene H. Dortch, Secretary, FCC, GN Docket Nos. 12-268, 13-

Association ("NTCA"), the Competitive Carriers Association ("CCA"), and the Blooston Rural Carriers, ⁴ and proposes its own geographic license area framework based on Metropolitan Statistical Areas ("MSAs") ("Verizon Proposal").

RWA opposes the Verizon Proposal because it is a clear attempt to tip the scales further in favor of the large national carriers by making it difficult (if not impossible) for small and rural wireless carriers to participate in the 600 MHz spectrum auction. First, the Verizon Proposal would base urban geographic license areas on the 2013 Office of Management and Budget ("OMB") MSAs,⁵ rather than the MSA boundaries that comprise 305 of the 734 Cellular Market Areas that have been adopted by the Commission and used in previous auctions.⁶ One of the major benefits offered by the Joint PEA Proposal is its reliance on existing RSA and MSA boundaries, which follow existing carriers' license areas. Changing the MSA boundaries would increase the size of urban geographic license areas and create service territory "mis-matches," to the detriment of small and rural carriers who already hold wireless licenses based on CMAs and have built their networks accordingly.

The Verizon Proposal would also combine contiguous MSAs located within the same Economic Areas ("EAs") into a single geographic license area. This is problematic for small and rural carriers because, while most lack the capital (and desire) to serve the nation's top markets, many can and do provide service in and around mid-sized markets that would be gobbled up by the Verizon Proposal's "MSA clusters." Combining MSAs into the same license territories would move these areas out of reach for many RWA members.

Verizon's geographic licensing framework would consolidate semi-rural, slightly more densely populated (and therefore more profitable) counties into existing highly populated areas served by national carriers, making it all but impossible for small and rural carriers to compete for these more densely populated counties at auction. RWA understands that this outcome appeals to Verizon, but is concerned that it would significantly decrease auction participation and harm rural wireless service by irreparably damaging the ability of many RWA members to

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^{185 (}filed Mar. 11, 2014) (*Joint PEA Proposal*); *see also Ex Parte* Letter from C. Sean Spivey, Assistant General Counsel, Competitive Carriers Association; Jill Canfield, Director, Legal and Industry & Assistant General Counsel, NTCA – The Rural Broadband Association; Caressa D. Bennet, General Counsel, Rural Wireless Association, Inc.; and John A. Prendergast, Managing Partner, Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP to Marlene H. Dortch, Secretary, FCC, GN Docket Nos. 12-268, 13-185 (Mar. 20, 2014).

⁴ The Blooston Rural Carriers have previously been identified in the record of these proceedings. *See, e.g.*, Comments of the Blooston Rural Carriers, GN Docket Nos. 12-268, 13-185 at 12 (filed Jan. 9, 2014).

⁵ See Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas, Office of Management and Budget Bulletin No. 13-01, at p. 3 (Feb. 28, 2013)

http://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b13-01.pdf (OMB Bulletin).
⁶ See Common Carrier Public Mobile Services Information, Cellular MSA/RSA Markets and

maintain a business case for deploying service to the remaining (much less densely populated) rural areas.

As it has in previous filings, Verizon advocates for the use of package bidding in the 600 MHz Auction. RWA opposes efforts to incorporate package bidding into the auction process because it would force small and rural carriers to bid on license areas that extend beyond the carriers' service territories and are so large as to make participation in the auction all but impossible.

Some specific examples of how the Verizon Proposal could impact small rural carriers are discussed below:

Alabama

The Verizon Proposal would create a large MSA cluster that would force small and rural carriers serving portions of eastern Alabama CMAs 309 and 310 to bid on licenses covering Tuscaloosa (Cluster 66), a market which these providers do not serve, and in which they would not be able to successfully compete for licenses.

Alaska

The Verizon Proposal would incorporate the Matanuska-Susitna Borough into the Anchorage MSA, adding approximately 89,000 POPs (12.5% of the state's total population) to the Anchorage MSA, and removing 44.3% of the POPs from RSA 316. The Verizon Proposal would also create a Fairbanks MSA, removing the Fairbanks North Star Borough and its approximately 97,581 POPs (more than 66%) from RSA 315's total approximate population of 145,928.

Idaho

The Verizon Proposal would create two MSA clusters that straddle the Idaho and Washington borders; both would draw in territory from RSA 388 (Kootenai County in MSA Cluster 180 and Nez Perce County in MSA Cluster 181). An RSA 388 license holder would be forced to bid on Clusters 180 and 181 in order to secure a license covering its entire footprint. RSA 388 covers just over 300,000 people. Clusters 180 and 181 total approximately 685,000 POPs— more than twice the population of RSA 388. The Verizon Proposal would also create a large MSA cluster in the southwest corner of Idaho that includes portions of RSA 389 and 390. To cover their existing service territory, license holders in RSA 389 (covering a population of approximately 80,000 people) and RSA 390 (covering a population of approximately 19,000 people) would both need to bid on MSA Cluster 183, which covers 632,000 POPs.

Pennsylvania

The Verizon Proposal would merge at least two Pennsylvania RSAs (RSAs 616 and 619) into the very large New York City MSA. This would force a carrier serving these RSAs to bid on a license covering New York City in order to secure a license covering its much smaller rural Pennsylvania footprint. A national carrier may outbid a small or rural carrier for a license in Pennsylvania, given its proximity to major east coast population centers; however, a small rural

⁷ *Verizon Ex Parte* at pp. 3-4.

carrier that is forced to bid on the New York City MSA will have no realistic chance to win that license, nor could it afford to build out the entire New York City MSA.

Texas

The Verizon Proposal adds Delta and Hunt Counties to the large Dallas MSA. This would require license holders in RSA 658 to bid on an MSA cluster containing 6.55 million POPs in order to cover their licensed service territories containing approximately 425,000 POPs. Verizon's proposed Cluster 87 also incorporates a portion of Upshur County from RSA 658, requiring those same license holders to bid on another cluster containing approximately 433,000 POPs to cover their licensed service territories – an impossible situation. Similarly, license holders in RSA 666 would have to contend with portions of their license areas being split into both the San Antonio MSA (with an approximate population of 2.23 million people) and Waco MSA (with an approximate population of 662,564 people).

Utah

The Verizon Proposal would create a large MSA cluster in central Utah and southern Idaho. In Utah, the MSA cluster would draw in territory from RSAs 673, 674, and 675 and encompass nearly 2.4 million people. To cover their current service territories, small and rural carriers holding licenses in these RSAs would need to bid on a cluster that contains both Salt Lake City and Provo. Verizon's proposal would also draw RSA 676's Washington County into the Las Vegas MSA. License holders in RSA 676 would be forced to bid on an MSA encompassing more than 2.3 million people to serve their current service territory that covers approximately 190,000 people. Small and rural carriers have no realistic chance to win those large areas, and they cannot afford and have no interest in building out an entire MSA group. This would reduce competition in the auction. In addition, with population-based construction benchmarks, a large carrier would have little reason to serve the rural areas included in this MSA cluster since it could easily satisfy its buildout obligation by serving more densely populated areas.

The above situations are only a few examples of the barriers the Verizon Proposal would create for rural carriers seeking to participate in the 600 MHz forward auction and would result in delays in the provision of vital wireless services to rural consumers.

RWA continues to believe that CMAs are the most pro-competitive license size for spectrum auctions. However, if the Commission declines to use CMAs in the broadcast incentive auction, the Joint PEA proposal would be far preferable to the Verizon Proposal or an approach based on EAs alone.

Pursuant to Section 1.1206 of the Commission's Rules, this *ex parte* presentation is being filed electronically with the Office of the Secretary.

Sincerely,

/s/ Caressa D. Bennet

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